

Kohinoor Genertek Limited

Annual Report 2001

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COMPANY INFORMATION

BOARD OF DIRECTORS

MR. TARIQ SAYEED SAIGOL Chairman
MR. SARMAD AMIN Chief Executive
MR. TAUFIQUE SAYEED SAIGOL
MR. SAYEED TARIQ SAIGOL
MR. AAMIR FAYYAZ SHEIKH
MR. ASAD FAYYAZ SHEIKH
MR. USMAN SAID
MR. SHAMSUDDIN KHAN (Nominee of NIT)

COMPANY SECRETARY

MR. MUHAMMAD ASHRAF

AUDITORS

M/S. AVAIS HYDER ZAMAN RIZWANI.
CHARTERED ACCOUNTANTS

BANKERS

PICIC COMMERCIAL BANK LIMITED
PRIME COMMERCIAL BANK LIMITED
UNITED BANK LIMITED

REGISTERED OFFICE & SHARES DEPARTMENT

42-LAWRENCE ROAD,
LAHORE.
TEL: (92-042)-6302261-62
FAX: (92-042)-6368721

PROJECT

8TH KILOMETRE, MANGA RAIWIND ROAD.
DISTRICT KASUR.
TEL: (92-04951)-391941- 45
FAX: (92-04951)-391948

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 9th Annual General Meeting of the members of Kohinoor Genertek Limited will be held on Monday, December 31, 2001 at 11.00 a.m. at its Registered Office, 42-Lawrence Road, Lahore, to transact the following business:-

1. To confirm the minutes of the 8th Annual General Meeting held on December 20, 2000.

2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2001 together with the Directors' and Auditors' reports thereon.
3. To approve the payment of final cash dividend @ Re. 0.75 per share of Rs. 10/- each (7.5%) for the year ended June 30, 2001 as recommended by the Directors.
4. To appoint Auditors and fix their remuneration. M/s. Avais Hyder Zaman Rizwani, Chartered Accountants, the retiring auditors, being eligible offer themselves for re-appointment.
5. To transact any other business with the permission of the Chair.

BY ORDER OF THE BOARD,

LAHORE:
December 07, 2001

(MUHAMMAD ASHRAF)
Company Secretary

NOTES:

1. The share transfer books of the Company shall remain closed from December 22, 2001 to December 31, 2001 (both days inclusive) and no transfer will be accepted during this period. The members whose names appear in the register of members as at the close of business on December 21 2001 will qualify for the payment of cash dividend.
2. A member entitled to vote at this meeting is entitled to appoint another member as proxy. Proxies in order to be effective must be received at 42-Lawrence Road, Lahore, the Registered Office of the Company not later than 48 hours before the meeting and must be duly stamped, signed and witnessed.
3. CDC shareholders are requested to bring with them their National identity Cards alongwith the participant's ID numbers and their account numbers at the time of attending the Annual General meeting in order to facilitate identification of the respective shareholders.
4. Shareholders are requested to promptly notify the Company of any change in their addresses.

DIRECTORS' REPORT TO THE SHARE HOLDERS

The directors welcome you to the 9th Annual General Meeting of the Company and take pleasure to present their report along with audited accounts and auditors report thereon for the year ended 30th June 2001.

OPERATING RESULTS

The Company's operations for the year resulted in an after tax profit of Rs. 14.005 million against after tax profit of Rs. 59.706 million last year, a decrease of 76.53%. The gross profit margin has reduced by 66.70% i.e. from 19.49% last year to 6.49% for the current year. The reason for reduction in gross profit margin is inflationary trend in petroleum products in the international markets. The average increase in cost of basic raw material i.e. furnace oil was over 24% during the period under review. However, other manufacturing expenses remained within the limits set by the management.

FINANCIAL RESULTS

Due to improved planning, financial charges have shown considerable reduction from Rs. 11.187 million last year, to Rs. 5.897 million for the current year, a decrease of 47.29%.

Overall performance of the production facilities remained satisfactory. The Company generated 126,094 MWH during the year as compared to 122,767 MWH last year showing an increase of 2.71%. During the year, periodic maintenance was smoothly carried out as per specified schedules of the manufacturer.

DIVIDEND

Your directors are pleased to recommend a cash dividend @ 7.50% for the year under review as compared to a cash dividend @ 17.50% for the preceding year.

APPROPRIATIONS

The directors recommend the appropriation of profit as under:

(Rupees in million)
2001 **2000**

Net profit after taxation	14.005	59.706
Prior year adjustment	--	6.656
Un appropriated profit brought forward	2.253	4.416
	-----	-----
Profit available for appropriation	16.258	70.778
Appropriation:		
Proposed cash dividend @ 7.5% (2000: 17.5%)	12.225	28.525
Transferred to general reserve	--	40.000
	-----	-----
	12.225	68.525
	-----	-----
Un appropriated profit carried forward	4.033	2.253
	=====	=====
Earning per share	0.86	4.07

FUTURE PROSPECTS

As a result of deregulation of furnace oil prices and elimination of freight pool system by the Government of Pakistan from 1 July 2000 onwards the prices of furnace oil increased by approximately 24% during the period 1st July 2000 to 30th June 2001. Concerted efforts were made to control maintenance costs and other expenses during the financial year. However, future profitability of the Company remains largely dependent on furnace oil prices and power tariff structure both of which are beyond the management's control.

Work is in hand on the installation of two Waste Heat Recovery Boilers and these are expected to be commissioned towards end February 2002. These Boilers will not only meet the internal requirements of the Company but will also partially supply steam to the Company's sister units located adjacent to the project site, thereby improving profitability. Technical, commercial and financial feasibility studies for co-generation either through a gas turbine or a high pressure steam turbine driven through coal or natural gas fired boilers are being evaluated by your Company.

AUDITORS

The auditors M/s Avais Hyder Zaman Rizwani, Chartered Accountants retire and being eligible offer themselves for re-appointment.

PATTERN OF SHARE HOLDING

The pattern of share holdings as required by Section 236 of the Companies Ordinance, 1984 is being annexed herewith.

ACKNOWLEDGEMENT

The directors place on record their appreciation for the dedicated efforts made by the staff and the executives of the Company and hope that same spirit of devotion and dedication will continue in future.

Lahore: November 30, 2001.

For and on behalf of the Board

Statement u/s 214(2) of the Companies Ordinance, 1984

The Balance Sheet and Profit and Loss Account have not been authenticated by the Chief Executive as he is presently out of Pakistan.

AAMIR FAYYAZ SHEIKH
Director

USMAN SAID
Director

**PATTERN OF SHARES HELD BY THE SHAREHOLDERS
AS AT 30 JUNE 2001**

NO. OF SHARE HOLDERS	FROM SHARES	TO SHARES	TOTAL SHARES HELD
11	1	100	500

1,582	101	500	786,500
168	501	1,000	167,300
259	1,001	5,000	754,800
60	5,001	10,000	473,200
25	10,001	15,000	300,300
6	15,001	20,000	105,000
7	20,001	25,000	164,000
3	25,001	30,000	85,000
1	30,001	35,000	33,500
11	35,001	40,000	432,500
1	40,001	45,000	45,000
8	45,001	50,000	396,800
1	50,001	55,000	53,500
1	55,001	60,000	56,500
1	60,001	65,000	60,500
4	75,001	80,000	314,600
1	80,001	85,000	85,000
1	85,001	90,000	90,000
2	95,001	100,000	200,000
1	170,001	175,000	170,700
1	195,001	200,000	200,000
1	235,001	240,000	240,000
1	995,001	1,000,000	1,000,000
1	1,090,001	1,095,000	1,095,000
1	1,285,001	1,290,000	1,286,300
1	2,155,001	2,160,000	2,156,000
1	2,215,001	2,220,000	2,218,500
1	3,325,001	3,330,000	3,329,000

2,162	Total		16,300,000
=====			

Note: The slabs not applicable, have not been shown.

<i>Shareholders Categories</i>	<i>Number of Shareholders</i>	<i>Number of Shares Held</i>	<i>Percentage of Issued Capital</i>
Individuals	2,117	4,149,200	25.455
Investment Companies	8	1,416,000	8.687
Joint Stock Companies	28	9,375,200	57.517
Financial Institutions	1	10,500	0.064
Modaraba	2	25,000	0.153
Foreign Investors	5	1,319,100	8.093
Others	1	5,000	0.031

GRAND TOTAL	2,162	16,300,000	100.000
=====			

OTHERS

AL-MAL GROUP STAFF PROVIDENT FUND 5,000

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of "**KOHINOOR GENERTEK LIMITED**" as at 30 June 2001 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These

standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that :

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and expenditure incurred during the year were in accordance with the objects of the Company.

(c) in our opinion, and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2001 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Dated: November 30, 2001.

Place: Lahore

(**AVAIS HYDER ZAMAN RIZWANI**)
Chartered Accountants

BALANCE SHEET AS AT 30 JUNE 2001

	<i>Note</i>	<i>2001 Rupees</i>	<i>2000 Rupees</i>
SHARE CAPITAL AND RESERVES			
Authorised capital 30,000,000 ordinary shares of Rs. 10 each		300,000,000	30,000,000
		=====	=====
Issued, subscribed and paid-up capital	3	163,000,000	163,000,000
Reserves	4	238,000,000	238,000,000
Unappropriated profit		4,032,718	2,252,720
		-----	-----
		405,032,718	403,252,720
DEFERRED LIABILITY - Gratuity	5	--	847,199
CURRENT LIABILITIES			
Short term finance - secured	6	20,456,118	46,594,302
Creditors, accrued and other liabilities	7	7,786,479	8,607,088
Taxation		390,301	342,242
Dividend	8	13,982,331	29,878,854
		-----	-----
		42,615,229	85,422,486
CONTINGENCIES AND COMMITMENTS	9	--	--
		-----	-----
		447,647,947	489,522,405

The annexed notes form an integral part of these accounts.

Statement u/s 214(2) of the Companies Ordinance, 1984

The Balance Sheet and Profit and Loss Account have not been authenticated by the Chief Executive as he is presently out of Pakistan.

AAMIR FAYYAZ SHEIKH
Director

FIXED CAPITAL EXPENDITURE

Operating fixed assets- tangible	10	310,976,052	345,589,714
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LONG TERM INVESTMENTS	11	26,700,000	29,250,000
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LONG TERM DEPOSITS AND DEFERRED COST

	12	300,000	300,000
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CURRENT ASSETS

Stores, spares and loose tools	13	22,676,189	29,162,452
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Stock of oil and lubricants	14	17,855,717	23,612,277
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Trade debts - unsecured	15	58,142,962	49,990,738
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Advances, deposits, prepayments and other receivables	16	8,739,695	6,470,018
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Cash and bank balances	17	2,257,332	5,147,206
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		109,671,895	114,382,691
--	--	-------------	-------------

		447,647,947	489,522,405
--	--	-------------	-------------

USMAN SAID
Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2001**

	<i>Note</i>	<i>2001 Rupees</i>	<i>2000 Rupees</i>
Sales	18	447,420,471	399,953,019
Cost of generation	19	418,385,684	321,987,905
Gross profit		29,034,787	77,965,114
Administrative and selling expenses	20	6,038,066	7,923,065
Operating profit		22,996,721	70,042,049
Other income	21	433,057	1,091,183
		23,429,778	71,133,232
Provision for appreciation/(diminution) In value of investments		(2,550,000)	12,750,000
Financial and other charges	22	6,087,086	15,512,054
Amortisation of deferred cost		--	1,574,557
Workers' profit participation fund		739,635	3,672,619
		6,826,721	20,759,230
Profit before taxation		14,053,057	63,124,002
Taxation	23	48,059	3,417,795

Profit after taxation	14,004,998	59,706,207
Prior year adjustments	--	6,655,767
	14,004,998	66,361,974
Unappropriated profit brought forward	2,252,720	4,415,746
Profit available for appropriation	16,257,718	70,777,720
Appropriations:		
Transfer to general reserve	--	40,000,000
Final proposed dividend @ Re. 0.75 (2000: Rs. 1.75) per share	12,225,000	28,525,000
	12,225,000	68,525,000
Unappropriated profit carried forward	4,032,718	2,252,720
Earning per share	24	0.86
		4.07

The annexed notes form an integral part of these accounts.

Statement u/s 214(2) of the Companies Ordinance, 1984

The Balance Sheet and Profit and Loss Account have not been authenticated by the Chief Executive as he is presently out of Pakistan

AAMIR FAYYAZ SHEIKH
Director

USMAN SAID
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2001

	<i>2001</i> <i>Rupees</i>	<i>2000</i> <i>Rupees</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year	14,053,057	63,124,002
Add/(Less) adjustment for non cash charges and other items		
Depreciation	34,504,031	38,457,331
Amortisation of deferred costs	--	1,574,557
Profit on disposal of fixed assets	(275,425)	(143,238)
Financial charges	6,087,086	11,187,032
Provision for gratuity	--	273,867
(Appreciation)/diminution in investment	2,550,000	(12,750,000)
Exchange loss	--	4,325,022
Prior year adjustments	--	6,655,767
Cash flow from operating activities before working capital changes	56,918,749	112,704,340
(Increase)/decrease in current assets		
Stores, spares and loose tools	6,486,263	2,770,303
Stock of oil and lubricants	5,756,560	(8,526,984)
Trade debts	(8,152,224)	(10,774,592)
Advances, deposits, prepayments and other receivables	(1,315,365)	21,192,503
Increase/(decrease) in current liabilities		
Short term running finances - secured	(26,138,184)	(18,912,309)
Creditors, accrued and other liabilities	(1,757,779)	(4,318,356)
Effect on cash flow due to working capital changes	(25,120,729)	(18,569,435)
Cash flow from operating activities	31,798,020	94,134,905
Financial charges paid	(5,149,915)	(11,957,567)

Gratuity paid	(847,199)	(132,225)
Tax paid	(954,312)	(3,901,491)
Net cash inflow from operating activities	24,846,594	78,143,622
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,259,945)	(19,936,792)
Proceeds from sale of fixed assets	1,645,000	555,000
Net cash inflow from investing activities	385,055	(19,381,792)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans	--	(33,109,198)
Dividend paid	(28,121,523)	(24,217,894)
Net cash outflow from financing activities	(28,121,523)	(57,327,092)
Net increase/(decrease) in cash and cash equivalents	(2,889,874)	1,434,738
Cash and cash equivalents at the beginning of the year	5,147,206	3,712,468
Cash and cash equivalents at the end of the year	2,257,332	5,147,206

Statement u/s 214(2) of the Companies Ordinance, 1984

The Balance Sheet and Profit and Loss Account have not been authenticated by the Chief Executive as he is presently out of Pakistan

AAMIR FAYYAZ SHEIKH
Director

USMAN SAID
Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2001**

<i>Particulars</i>	<i>Share Capital</i>	<i>Reserves Capital</i>	<i>General</i>	<i>Unappropriated Profit</i>	<i>Total</i>
Balance as at 30 June 1999	163,000,000	98,000,000	100,000,000	4,415,746	365,415,746
Net Profit for the year	--	--	--	59,706,207	59,706,207
Correction for fundamental error	--	--	--	6,655,767	6,655,767
Appropriation:					
Proposed dividend	--	--	--	(28,525,000)	(28,525,000)
Transferred from profit and loss account	--	--	40,000,000	(40,000,000)	---
Balance as at 30 June 2000	163,000,000	98,000,000	140,000,000	2,252,720	403,252,720
Net Profit for the year	--	--	--	14,004,998	14,004,998
Appropriation:					
Proposed dividend	--	--	--	(12,225,000)	(12,225,000)
Transferred from profit and loss account	--	--	--	--	--
Balance as at 30 June 2001	163,000,000	98,000,000	140,000,000	4,032,718	405,032,718

Statement u/s 214(2) of the Companies Ordinance, 1984

The Balance Sheet and Profit and Loss Account have not been authenticated by the Chief Executive as he is presently out of Pakistan.

AAMIR FAYYAZ SHEIKH
Director

USMAN SAID
Director

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2001

1. THE COMPANY AND ITS OPERATIONS

Kohinoor Genertek Limited was incorporated on 28th February, 1993 as a public limited Company in Pakistan under the Companies Ordinance, 1984, having the primary object to undertake power generation, distribution and supply of electricity. The shares of the Company are quoted on Karachi and Lahore Stock Exchanges.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies which have been adopted in the preparation of these accounts are summarized below:

2.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to the extent adjustment due to exchange rate fluctuation as stated in note 2.8.

2.2 Staff Retirement benefits

The Company instituted an approved contributory provident fund scheme for all its employees with effect from 1st October 1998. Contributions in respect thereof are made in accordance with the terms of Scheme. The Company therefore disbanded the gratuity scheme on 30 September, 1998.

2.3 Taxation

By virtue of clause 176 of part I of Second Schedule to the Income Tax Ordinance, 1979, profits and gains of the Company are exempt from levy of income tax.

The Company is also exempt from minimum tax on turnover under clause 20 of the Part IV of Second Schedule of the Income Tax Ordinance, 1979.

2.4 Fixed capital expenditure

All fixed capital expenditures are stated at cost less accumulated depreciation except freehold land and capital work in progress which are stated at cost. Depreciation is calculated on reducing balance method at normal rates specified in note no 10. Full year's depreciation is charged on additions whereas no depreciation is charged on deletions made during the year.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains/losses, if any, on disposal of assets are taken to profit and loss account.

2.5 Deferred cost

Expenses, the benefit of which is expected to spread over several years, are deferred and amortised over a period of not more than five years.

2.6 Stocks, stores and spares

These are valued at moving average cost, except in transit which are stated at actual cost.

2.7 Revenue recognition

Revenue from supply of electricity is recognized on issue of bills to customers.

2.8 Foreign currency translation

Assets and liabilities in foreign currencies are translated into Pak Rupees at rate of exchange ruling on balance sheet date. Foreign currency transactions, if any, are converted at the rate prevailing on the date of transaction. Resulting gain or loss, if any, relating to acquisition of assets is capitalized and for other transactions, charged to revenue.

2.9 Investment

Long term investments are stated at cost. Provision for diminution/appreciation in value of

an investment is made in the accounts when considered permanent.

	2001	2000
	Rupees	Rupees
3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
16,300,000 ordinary shares of Rs. 10 each fully paid in cash	163,000,000	163,000,000
	=====	=====
4. RESERVES		
Composition of reserves is as follows		
Capital		
Share premium	98,000,000	98,000,000
Revenue		
General reserve	140,000,000	140,000,000
	-----	-----
	238,000,000	238,000,000
	=====	=====
5. DEFERRED LIABILITY - Gratuity		
Balance brought forward	847,199	705,557
	-----	-----
Provision during the year	--	273,867
Payments to outgoing staff	847,199	132,225
	-----	-----
	847,199	141,642
	-----	-----
Balance carried forward	--	847,199
	=====	=====

6. SHORT TERM FINANCE - Secured

The financing was obtained from United Bank Limited under mark-up arrangements aggregating Rs. 20.456 million (2000: Rs. 46.594 million). The rate of mark-up ranges from 14.75% to 16% (2000: 20% to 20.5%).

The arrangements are secured by way of charges over fixed assets, hypothecation of the Company's stocks, trade debts and other receivables and personal guarantees of sponsor directors.

	2001	2000
	Rupees	Rupees
7. CREDITORS, ACCRUED AND OTHER LIABILITIES		
Creditors	2,120,769	817,356
Accrued expenses	670,307	1,387,251
Mark-up accrued on short term running finance	1,322,836	385,666
Workers' profit participation fund	739,635	3,677,682
Electricity duty	204,863	432,117
Income tax deduction at source	--	60,746
Sales tax	2,715,569	1,510,316
Retention money	12,500	335,954
	-----	-----
	7,786,479	8,607,088
7.1 Workers' profit participation fund		
At beginning of the year	3,677,682	8,067,165
Interest provided during the year	--	5,063
Profit allocation for the year	739,635	3,672,619
	-----	-----
	4,417,317	11,744,847
Less: Payments made during the year/ prior year's adjustment		
	3,677,682	8,067,165
	-----	-----
	739,635	3,677,682
	=====	=====

8. DIVIDEND

Unclaimed dividend	1,757,331	1,353,854
Proposed dividend	12,225,000	28,525,000
	-----	-----
	13,982,331	29,878,854
	=====	=====

9. CONTINGENCIES AND COMMITMENTS

9.1 The Company is contingently liable to pay custom duty and sales tax etc. amounting to Rs. 43.767 million on import of three engines. The Company filed appeals against levy of the duties before the Hon'able supreme Court of Pakistan. In the meantime, the Company deposited the custom duties amounting to Rs. 7.764 million.

9.2 Bank guarantees have been issued by a bank of the Company aggregating Rs. Nil (2000: Rs. Nil).

9.3 Commitments in respect of contracts for capital expenditure Rs. Nil (2000: Rs. Nil).

10. OPERATING FIXED ASSETS-Tangible

<i>Particulars</i>	<i>Cost at 1 July 2000</i>	<i>Additions/ (Deletions)</i>	<i>Cost at 30 June 2001</i>	<i>DEPRECIATION</i>			<i>Book value at 30 June 2001</i>	<i>Dep. Rate % per annum</i>
				<i>Accumulated at 1 July 2000</i>	<i>For the year</i>	<i>Accumulated at 30 June 2001</i>		
Freehold land	2,671,830	--	2,671,830	--	--	--	2,671,830	--
Building on freehold land	47,244,555	--	47,244,555	15,335,698	3,190,886	18,526,584	28,717,971	10
Plant and machinery	454,888,184	--	454,888,184	148,374,854	30,651,333	179,026,187	275,861,997	10
Electrical installation	418,578	--	418,578	148,233	27,035	175,268	243,311	10
Furniture and fixture	1,406,042	86,926	1,492,968	491,142	100,183	591,325	901,643	10
Office equipment	600,160	125,300 (175,000)	550,460	225,234	39,689 (71,665)	193,258	357,202	10
Computers	618,759	107,900	726,659	241,711	48,495	290,206	436,453	10
Vehicles	4,949,776	939,819 (2,748,288)	3,141,307	2,391,299	446,411 (1,482,048)	1,355,662	1,785,645	20
2001 Rupees	512,797,884	1,259,945 (2,923,288)	511,134,541	167,208,171	34,504,031 (1,553,713)	200,158,489	310,976,052	
2000 Rupees	492,981,894	20,706,479 (890,489)	512,797,884	129,229,566	38,457,331 (478,727)	167,208,170	345,589,714	

10.1 The depreciation charge for the year has been allocated as under:

		<i>2001 Rupees</i>	<i>2000 Rupees</i>
Cost of generation	Note-19	34,049,307	37,895,902
Administrative and selling expenses	Note-20	454,724	561,429
		-----	-----
		34,504,031	38,457,331
		=====	=====

10.2 Disposal of Fixed Assets

<i>Particulars</i>	<i>Cost</i>	<i>Acc. Dep.</i>	<i>Book Value</i>	<i>Sale Proceeds</i>	<i>Gain/ (Loss)</i>	<i>Mode of Disposal</i>	<i>Sold to</i>
Vehicles							
Toyota Hilux LOT - 5843	795,570	534,877	260,693	330,000	69,307	Negotiation	Muhammad Faisal Idrees H. No. 21A, Jalal Street, Islampura, Lahore.
Nissan Van	850,761	502,289	348,472	400,000	51,528	Negotiation	Naem-ul-Hassan Shah

LOT - 8006							Muhala Gulam Muhammad Walla, Near New Central Jail, Multan
Suzuki Bolan LXG-4574	292,913	142,902	150,011	200,000	49,989	Negotiation	Syed Mazhar Hussain Shah, 42-Wasirabad, Bahawalpur Road, Lahore-4.
Suzuki Khyber LXA-5712	359,044	211,980	147,064	265,000	117,936	Negotiation	Muzaffar Islam H. No. 43/9, St. no. 29, Hassan park, Shalimar Link Road, Baghbanpura, Lahore.
Suzuki Margala LXH - 2330	450,000	90,000	360,000	440,000	80,000	Total loss in Accident	Security General Insurance Co., Ltd., (Insurance Claim)
Office Equipment							
Photocopier	175,000	71,665	103,335	10,000	(93,335)	Negotiation	Sherazi Trading Company, Lahore.
	-----	-----	-----	-----	-----		
	2,923,288	1,553,713	1,369,575	1,645,000	275,425		
	=====	=====	=====	=====	=====		

2001 **2000**
Rupees **Rupees**

11. LONG TERM INVESTMENT

Associated undertaking - quoted

Maple Leaf Cement Factory Limited

6,000,000 (2000: 6,000,000) fully paid

Ordinary shares of Rs. 10/- each

Provision for diminution in value of investment

60,900,000	60,900,000
(34,200,000)	(31,650,000)
-----	-----
26,700,000	29,250,000
=====	=====

Aggregate market value of investment as on 30 June 2001 is Rs. 26.70 million (2000: Rs. 29.25 million).

12. LONG TERM DEPOSITS AND DEFERRED COST

Security deposits

Deferred cost

12.1

300,000	300,000
--	--
-----	-----
300,000	300,000
=====	=====
--	9,641,506

12.1 Deferred Cost

Less: Amortization:

At beginning of the year

During the year

--	8,066,949
--	1,574,557
-----	-----
--	9,641,506
-----	-----
--	--
=====	=====

13. STORES, SPARES AND LOOSE TOOLS

Stores

Spares

Loose tools

1,830,263	1,427,268
20,201,507	27,159,177
644,419	576,007
-----	-----
22,676,189	29,162,452
=====	=====

14. STOCK OF OIL AND LUBRICANTS

Furnace oil

9,992,815	13,963,350
-----------	------------

Diesel oil		4,723,054	6,335,691
Lube oil		3,139,848	3,313,236
		-----	-----
		17,855,717	23,612,277
		=====	=====

15. TRADE DEBTS-Unsecured

Considered good	15.1	58,142,962	49,990,738
Considered doubtful		399,470	399,470
		-----	-----
Provision for doubtful debts		58,542,432	50,390,208
		(399,470)	(399,470)
		-----	-----
		58,142,962	49,990,738
		=====	=====

15.1 These include Rs. 34.180 million (2000: Rs. 27.323 million) due from associated undertakings. The maximum aggregate amount due from associated undertakings at the end of any month during the year was Rs. 33.419 million (2000 Rs. 34.603 million).

16. ADVANCES, DEPOSITS, PRE PAYMENTS AND OTHER RECEIVABLES

Advances - unsecured considered good			
To employee	16.1	172,750	338,615
To suppliers and contractors		1,437,621	5,641,231
Provision for doubtful advances		(680,973)	(680,973)
		-----	-----
		756,648	4,960,258
Due form associated undertaking	16.3	--	5,675
Income tax deducted at source		1,706,147	751,835
Letter of credit		3,558,787	--
Prepaid expenses		29,476	17,596
Sales Tax refundable u / s 66		2,321,013	--
Other receivables		194,874	396,039
		-----	-----
		8,739,695	6,470,018
		=====	=====

16.1 Advances to employees include Rs. 7,500 (2000: Rs. Nil) due from executives.

16.2 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 40,000 (2000' Rs. 60,260).

16.3 Included therein is a sum of Rs. 5,675 (2000: Rs. 5,675) due from Maple Leaf Cement Factory Limited.

16.4 The maximum aggregate amount due from associated undertakings at the end of any month during the year was Rs. 2.712 million (2000: Rs. 2.712 million).

17. CASH AND BANK BALANCES

Cash in hand		57,505	115,235
Cash at banks			
- On current accounts		1,252,972	98,998
- On deposit accounts		946,855	4,932,973
		-----	-----
		2,257,332	5,147,206
		=====	=====

18. SALES

Gross sales		517,743,465	457,465,704
Less:			
Electricity duty		2,486,482	2,444,929
Sales tax		67,787,552	55,016,996
Withholding tax		48,960	50,760
		-----	-----

	70,322,994	57,512,685
	-----	-----
	447,420,471	399,953,019
	=====	=====

19. COST OF GENERATION

Oil and lubricants consumed		345,380,668	230,192,723
Steam & water dozing chemical consumed		8,642,563	6,499,284
Salaries, wages and benefits	19.1	6,018,790	6,915,532
Insurance		1,521,448	1,617,026
Repair and maintenance		20,856,576	36,125,017
Depreciation	10.1	34,049,307	37,895,902
Other expenses		1,916,332	2,742,421
		-----	-----
		418,385,684	321,987,905
		=====	=====

19.1 Salaries and benefits include Rs. 299,248 (2000: Rs. 503,984) on account of staff retirement benefits.

20. ADMINISTRATIVE AND SELING EXPENSES

Salaries and benefits	20.1	2,355,718	2,446,181
Directors' fee		1,500	1,500
Travelling and conveyance		604,006	510,878
Printing and stationery		305,154	395,008
Books and periodicals		10,689	13,416
Postage telephone and telegrams		315,134	330,023
Office maintenance		368,131	472,553
Vehicle running and maintenance		308,795	509,139
Advertisement		39,160	145,080
Entertainment		35,663	50,651
Legal and professional		362,606	131,620
Fees and subscription		258,360	234,011
Auditors' remuneration	20.2	145,200	139,400
Depreciation	10.1	454,724	561,429
Provision for doubtful debts and advances		--	1,080,443
Other expenses		473,226	901,733
		-----	-----
		6,038,066	7,923,065
		=====	=====

20.1 Salaries and benefits include Rs. 115,541 (2000: 176,571) on account of staff retirement benefits.

20.2 Auditors' Remuneration

Statutory audit		65,000	55,000
Tax services		75,000	80,000
Out of pocket expenses		5,200	4,400
		-----	-----
		145,200	139,400
		=====	=====

21. OTHER INCOME

Profit on bank deposits			
Rupee accounts		145,632	936,497
Dollar accounts		--	205
Profit on disposal of fixed assets		275,425	143,238
Credit balance written back		12,000	11,243
		-----	-----
		433,057	1,091,183
		=====	=====

22. FINANCIAL AND OTHER CHARGES**Financial charges**

Mark up on Short term finance		5,656,154	10,626,244
-------------------------------	--	-----------	------------

Commission on letter of credit	--	349,953
Bank guarantee commission	--	34,635
Bank charges	241,156	171,137
Interest on workers' profit participation fund	7.1	5,063
	-----	-----
	5,897,310	11,187,032
Other charges		
Exchange loss	--	4,325,022
Share transfer fee	189,776	--
	-----	-----
	6,087,086	15,512,054
	=====	=====
23. TAXATION		
Current year	23.1	48,059
Prior year's		--

		48,059

		3,417,795
		=====

23.1 This represents the amount provided for on profits earned from Pak rupee bank deposit accounts.

24. BASIC AND DILUTED EARNING PER SHARE

		<i>Rupees</i>	
Net profit for the year attributable to ordinary shareholders		14,004,998	66,361,974
		<i>Number of shares</i>	
Weighted average number of ordinary shares outstanding during the year		16,300,000	16,300,000
		<i>Rupees</i>	
Earning per share		0.86	4.07
		=====	=====

There is no dilutive effect on the basic earning per share of the Company for the years ended 30 June 2001 and 30 June 2000.

25. NUMBER OF EMPLOYEES

Number of employees as at year end		54	56
		=====	=====

26. FINANCIAL ASSETS AND LIABILITIES

	<i>Interest/mark-up bearing</i>			<i>Non interest bearing</i>			<i>2001 Total</i>
	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub-total</i>	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub-total</i>	
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	
Financial assets							
Long term investment	--	--	--	--	26,700,000	26,700,000	26,700,000
Long term deposits	--	--	--	--	300,000	300,000	300,000
Trade debts	--	--	--	58,142,962	--	58,142,962	58,142,962
Advances, deposits, prepayments and other receivables	--	--	--	3,926,411	--	3,926,411	3,926,411
Cash and bank balances	946,855	--	946,855	1,310,477	--	1,310,477	2,257,332
	-----	-----	-----	-----	-----	-----	-----
	946,855	--	946,855	63,379,850	27,000,000	90,379,850	91,326,705
	=====	=====	=====	=====	=====	=====	=====

Financial liabilities

Short term finances	20,456,118	--	20,456,118	--	--	--	20,456,118
Creditors, accrued and other liabil	--	--	--	5,070,910	--	5,070,910	5,070,910
Un claimed dividend	--	--	--	1,751,331	--	1,751,331	1,751,331
	-----	-----	-----	-----	-----	-----	-----
	20,456,118	--	20,456,118	6,822,241	--	6,822,241	27,278,359
	=====	=====	=====	=====	=====	=====	=====

26.1 The financial assets of the Company aggregated Rs. 91.327 million of which Rs. 84.843 million are subject to credit risk. The effective interest/mark up rate of financial assets range from 8% to 11.5% per annum.

26.2 The financial liabilities of the Company aggregated Rs. 27,278 million. The financial liabilities are based on interest/mark up except for liabilities aggregating Rs. 6.822 million. The effective interest/mark up rate of financial liabilities range from 14.75 % to 16% per annum.

26.3 The Company's credit risk exposure is not significantly different from that reflected in the financial statements.

26.4 The carrying value of the financial assets and liabilities approximates their fair values as reflected in the financial statements.

27. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

27.1 The Company purchased from associated undertakings material and services aggregating Rs. 6.537 million (2000: Rs. 4.077 million).

27.2 The Company sold to associated undertakings electrical energy aggregating Rs. 253.753 million (2000: Rs. 214.879 million).

27.3 The Company sold to associated undertakings stores and spares aggregating Rs. 0.753 million (2000: Rs. Nil).

28. REMUNERATION OF DIRECTORS AND EXECUTIVES

28.1 Directors

28.1.1 No remuneration was paid to any of the directors during the year.

28.1.2 Rs. 1,500 (2000: Rs. 1,500) were paid as meeting fee to two directors during the year.

28.2 Executives

28.2.1 Aggregate amounts charged in the account for remuneration, including all benefits to the executives of the Company are as follows -

	<i>Executives</i>	
	<i>2001</i>	<i>2000</i>
	<i>(Rupees)</i>	
Managerial remuneration	1,879,185	1,855,036
House rent and utilities	448,008	1,020,200
Bonus and ex-gratia	184,340	267,225
Other allowances and reimbursements	1,323,975	629,353
	-----	-----
	3,835,508	3,771,814
	=====	=====
Number of persons	8	8
	=====	=====

28.2.2 Four (2000: Four) executives of the Company are provided with free use of Company owned and maintained cars.

29. PLANT CAPACITY AND ACTUAL POWER GENERATION

Main generators

Number of generators installed	3	3
Number of generators worked	3	3
Installed capacity (Mega watt hour)	151,930	151,930
Actual generation (Mega watt hour)	118,123	111,983

Standby generators

Caterpillar generation (Mega watt hour)	7,971	10,784
---	-------	--------

29.1 Plant operation capacity based on 365 days (2000: 365 days).

Reason for low generation

Actual power generation in comparison to installed capacity is low due to periodical scheduled and un-scheduled maintenance of generators. During the maintenance period the supplies are being made from standby arrangements.

30. FIGURES

30.1 Figures have been rounded off to the nearest rupee.

30.2 Corresponding figures have been re-arranged wherever necessary to facilitate comparison.

Statement u/s 214(2) of the Companies Ordinance, 1984

The Balance Sheet and Profit and Loss Account have not been authenticated by the Chief Executive as he is presently out of Pakistan

AAMIR FAYYAZ SHEIKH
Director

USMAN SAID
Director